Essential Plan (EP) Guidance 3.1

Office of Health Insurance Programs

Essential Plan (EP) Guidance 3.1: Updated Information Regarding EP Rate Setting Assumptions for Calendar Year 2023 and 2024

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The purpose of this document is to provide updated information in relation to provisions included as part of the State Fiscal Year (SFY) 2023-24 Enacted Budget. The original guidance has been updated to include expectations for the Essential Plan Expansion Population, the payment timeframe, and actions the state will take if the payment timeframe is not adhered to by participating health plans.

Essential Plan Population Expansion

Effective April 1, 2024, the Essential Plan includes coverage for populations with income levels from 200% – 250% of the Federal Poverty Level (FPL), the "EP 200-250" group See the following link for expansion population guidance: https://info.nystateofhealth.ny.gov/guidance-health-plans-essential-plan-expansion.

- The benefit package for the new 200% – 250% FPL population follows the same benefit structure and cost sharing requirements as the current 150%-200% FPL EP 1 population.

- The 200% – 250% FPL premiums also include the same rate setting and provider reimbursement investment assumptions as the current 150%-200% FPL EP 1 population adjusted for projected acuity of the population.

Essential Plan Rate Setting Assumptions

The Department has added additional funding ($800M) for both the Calendar Year (CY) 2023 and CY 2024 rates. This investment, which will recur annually beyond CY 2024, is intended to create reimbursement parity across all EP premium groups for hospital inpatient, hospital outpatient, and physician services. This funding is in addition to the annual $420M existing provider reimbursement investment authorized in the SFY 2021-22 Budget (and outlined in EP Guidance 2.0*).

- The Department expects that health plans will raise provider reimbursement rates for EP 3 and EP 4 premium groups to the level of EP 1, EP 2, and EP 200-250 premium groups for hospital inpatient, hospital outpatient, and physician services and remit payments to impacted providers through reprocessing of claims or via lump sum payments.

*Essential Plan (EP) Guidance 2.0 included guidance for plans in EP1 and EP2 premium groups to reimburse inpatient and outpatient hospital services at 225% of Medicaid fee for service reimbursement for the same services.

- The goal of this EP rate enhancement is to expand access to services for EP enrollees, promoting health equity for all EP enrollees, and establishing parity in reimbursement across all premium groups for hospital inpatient, hospital outpatient, and physician services.

- For CY 2023, 12 months of funding ($800M) was included in a rate revision effective July 1, 2023 paid over a 6 month period. CY 2024 and beyond will include a full annual funding amount ($800M) paid over a 12 month period.

- Please note the following additional rate assumptions:

    - This health plan premium adjustment will be applied to all components of the inpatient and outpatient hospital-based categories of service (e.g., operating, capital, etc.).

    - These funding amounts should be treated consistent with standard inpatient and outpatient fee schedule reimbursement. As such, rates have been adjusted for Graduate Medical Education (GME) for premium groups EP 1, EP 2, and EP 200-250, the Covered Lives Assessment and HCRA Commercial rate of 9.63% where applicable.

- Health plans are required to report the additional funding associated with these provider investments on EPPOR cost reports (to the extent possible) and EIS/OSDS encounters in the appropriate categories of service regardless of the method by which plans choose to remit payments to impacted providers (i.e., claims reprocessing or lump sum payments).

- The Department will monitor health plan reimbursement to hospital inpatient, hospital outpatient, and physician services providers and reserves the right to request additional information from plans to ensure the additional investment is being distributed appropriately within the timeframe of the plan year for which the rates were developed.

- Any unspent provider reimbursement parity funding may be recouped as part of the State's Medical Loss Ratio (MLR) Remittance process, or if failure to implement the guidance is reported and verified by the Department in advance of the MLR Remittance process, the Department will revert to pre-provider investment level Essential Plan monthly capitation rates. The Department will provide at least 30 days written notice prior to reverting to pre-provider investment level Essential Plan monthly capitation rates.

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